

SYSTEM FOR IDENTIFYING HEAVY PRODUCT PURCHASERS WHO REGULARLY USE MANUFACTURERS' PURCHASE INCENTIVES AND PREDICTING CONSUMER PROMOTIONAL BEHAVIOR RESPONSE PATTERNS

The present invention relates generally to a system and methodology for determining or identifying the heaviest product purchasers who regularly use coupons and it also relates to a system and methodology for determining patterns of consumer promotional behavior response so that such patterns can be predicted with a high degree of accuracy.

BACKGROUND OF THE INVENTION

The familiar "cents-off" coupon is issued by a manufacturer as a purchase incentive in order to induce a consumer to purchase that manufacturer's product as opposed to the similar product of another manufacturer. Because of its sheer size and the proliferation of duplicative products, coupon usage is greatest in the mass marketed consumer product industry. Obviously, in order for a cents-off coupon to have its intended effect it must be delivered to a consumer who will use it to purchase the intended product. At the present time, coupon distribution is limited to in-store delivery, on-product delivery, magazine delivery, newspaper delivery and direct mail. These delivery methods are designed to blanket the middle class in and around metropolitan areas and were instrumental to the introduction and growth of the 10,000 familiar brand name products on mass retail store shelves today. Both the in-store coupon and the on-product coupon are utilized by consumers who have already formed the intention of purchasing the particular product and therefore such coupons are of little or no benefit in the development of incremental business and further are not adaptable to carrying advertising messages. Magazine delivery of coupons is relatively expensive and suffers from limited audience reach and flexibility in terms of market selectivity. Newspapers deliver a large number of coupons between daily and Sunday editions. Sunday newspaper inserts, with their excellent graphic reproduction and broad-scale reach, far outstrip daily papers in this type of coupon delivery. Finally, there is the direct mail delivery of coupons which delivers a relatively small number of coupons but has a relatively high redemption rate because of its targeted delivery.

Targeted direct mail coupon delivery results in the highest redemption rate amongst all other methods of delivery essentially because the targeted audience is more specifically chosen to be more receptive to the promotional offer than would a mass audience. The most successful direct mail coupon delivery is performed by Donnelley Marketing, a division of Dun & Bradstreet Corporation, through its Carol Wright program. The system utilized by Donnelley Marketing involves the compilation of a list of households derived from various sources, such as telephone directories, auto registrations, etc. to result in a compiled list of approximately seventy-seven million household names and addresses. By utilizing demographics based on household size, homemaker's age, household income and the number of children under eighteen years of age, this compiled list is merged and purged to result in a mailing list of thirty-seven million names and addresses of households having the requisite buying power for

high usage potential of all consumer products. This mailing list is then utilized in the Donnelley Marketing-Carol Wright program to periodically mail packages containing a number of coupons and other consumer promotional material and offers.

Although this direct mail vehicle utilized by Donnelley Marketing in their Carol Wright program produces the highest redemption rate amongst the various delivery vehicles in use today, it is well recognized by those in the industry that a better method is essential in order to stem the increasing costs of this consumer promotional activity while simultaneously maintaining redemption which has been steadily declining since 1981. Obviously, the most efficient vehicle of coupon delivery would deliver coupons to only those who would use the coupons and who are also heavy product purchasers. Based on this proposition, attempts are now under way to devise a means for determining who these consumers are. One such attempt by Donnelley Marketing involved a limited test to simultaneously print a personal identification code number (PIN code) on the top-most coupon in the package of a Carol Wright mailing through a window opening in the envelope. In this manner, the redemption response of those receiving the coupon is measured and analyzed. A severe drawback to a system based on this test is the inability of the technology utilized to simultaneously print the envelopes and the top most coupon to expand beyond the coding of a single coupon. Thus, only a single coupon in a Carol Wright mailing of up to thirty seven coupons can be PIN coded. It would not be economically feasible to PIN code each and every coupon in a broad based Carol Wright mailing. Such an undertaking would require an equipment expenditure in the billions of dollars.

Another attempt is a recently introduced system by American Express which essentially utilizes a negotiable instrument bearing the advertiser's logo and payable to "any retailer distributing the product." Once the instrument is endorsed by the consumer, who is identified on the instrument, it is accepted at face value as partial payment for the product and then deposited by the retailer in his bank account for collection through the normal Federal Reserve clearing system. For a mailing list, American Express utilizes an existing credit list of individuals. This system has the disadvantage that it is extremely expensive since the instruments are treated as checks and therefore it is economically feasible for use only for big ticket consumer products (check processing fees are the same regardless of face value; i.e., ten cents to process a \$100 check is quite efficient, whereas the same ten cents to process a twenty cent check is not). Also, since the instruments must pass through the Federal Reserve and conform to specified graphics, advertising is severely limited and two-sided printing or multicolor printing are not possible.

The latest attempt, introduced by Computer Promotions Corporation and termed the Coupon Connection, starts with a survey derived database of about thirty-two million households. Next, a profile of a product's heavy using or heavy redeeming household is developed in conjunction with the manufacturer and this is correlated with the database to derive a mailing list for the promotion of the particular product. Coupons are then printed with PIN (Personal Identification Number) Codes and mailed to the households on the mailing list. Upon redemption, a great deal of information can be gathered because of the coding of all coupons. Because of the necessity of encoding all coupons, this